

# **STATES OF JERSEY**



## **PUBLIC LOTTERIES: REPORT FOR 2002**

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**Presented to the States on 25th March 2003  
by the Economic Development Committee**

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**STATES GREFFE**

# REPORT

## Introduction

The Economic Development Committee, in accordance with the provisions of Regulation 4(4) of the Gambling (Channel Islands Lottery) (Jersey) Regulations 1975, is pleased to submit to the States a report of the Public Lotteries promoted and conducted by the Channel Islands Lottery Committee from 17th January 2002 up to and including the Draw of 19th December 2002, together with an income and expenditure account and balance sheet.

## Channel Islands Lottery Committee

Policy for the Lottery is decided by the Channel Islands Lottery Committee. The President and members of the former Jersey Gambling Control Committee and 3 members from the Guernsey Gambling Control Committee constituted that Committee in 2002.

## Committee changes

In December 2002, the Gambling Control Committee was disbanded as part of the transitional arrangements for the implementation of the machinery of government review. Its role and functions were amalgamated within the remit of the new Economic Development Committee. The members of the former Gambling Control Committee were –

Deputy L.J. Farnham – President  
Senator C.G.P. Lakeman – Vice-President  
Deputy I.S. Nicholls  
Deputy J.A. Bridge

The members of the Economic Development Committee are –

Deputy F.G. Voisin – President  
Deputy L.J. Farnham – Vice-President  
Senator L. Norman  
Deputy P.J.D. Ryan  
Deputy M.A. Taylor

During 2002, the Gambling Control Committee, together with its Guernsey partners, set about the task of reshaping the Lottery as a business, devising new game structures and continuing to explore the technicalities of the Islands joining the National Lottery.

## Public Lotteries Board

The Public Lotteries Board is constituted in accordance with Regulation 3 of the 1975 Regulations for the purpose of advising the Jersey Gambling Control Committee on general matters connected with the Lotteries and for conducting the Draws held in Jersey. Its members in 2002 were –

Mr. I.T. Barnes (Chairman)  
Mr. P.S. Cruickshank  
Mr. D.A. Wallis  
Mr. J. Clennett  
Mr. G.J. Roscouet  
Ms M. Horton  
Mr. A.J. Arnold  
Dr. J. Lane (Secretary).

In July 2002, Mr. Jeremy Arnold was appointed to the Board. The Committee would like to record its appreciation for the time and effort given by Members of the Public Lotteries Board, without whom the Lottery

could not take place. Presiding at Draws, however, was but one of the duties of Members in the course of the year. Members were involved in advising the Committee on many different issues connected with the game play, marketing and promotion of the Lottery. With the creation of the Economic Development Committee and the beginning of a new chapter in the life of the Lottery, the Board continues to play a vital role. It not only provides the link with the past but, more importantly, also provides the necessary energy and experience required for the future.

### **The policy of the Committee**

In line with previous years, the former Committee successfully brought a Report and Proposition to the States regarding the allocation of profits of the Channel Islands Lottery. It was decided that all and any profits for the period would be given to the Association of Jersey Charities to distribute, on behalf of the Committee and the States, to deserving charitable causes on the Island.

During the course of the year it was discovered that due to a longstanding oversight, money derived from time-expired prizes had been included in the money granted to the Association, rather than being transferred to the Accumulated Fund to support future Draws. This had been agreed in 2000 by joint decision of the 2 Gambling Control Committees but had not been implemented in Jersey. The former Committee, mindful that it was bound to implement this decision, was nevertheless anxious that it should not impact severely upon the grant made to the Association at the end of the year. For this reason, the Committee decided to honour its commitment, but reserved the right to recommend to the Economic Development Committee that a sum equal to that amount be made available to the Association if the year end results warranted it.

For this reason it will be observed that the end of year results show a transfer of £75,405 to the Accumulated Fund. Due to the fall in Lottery sales and in light of the spirit of the former Committee decision, Deputy Farnham has requested the Economic Development Committee to transfer that amount back from the Accumulated Fund so that it might be made available to aid the important work undertaken by the Association. Subject to ratification by the Committee, the Association of Jersey Charities will therefore receive a grant of £176,140 for 2002.

The Committee had a strong belief that the Islands should retain their own public lottery – one that could continue to provide funding for charitable and other projects as well as giving enjoyment to players. This has not been an easy task. With a steady drop in the number of tickets sold, the Committee has had to expend considerable time devising new strategies and games to arrest this trend. In this they have been assisted by the Guernsey Committee and its Officers, as well as the Main Agents in both Bailiwicks.

The Committee's strategy for 2002 was to –

- continue the use of forfeited prize money as a means to support Draws;
- continue the 'Treble Chance Draws' from January 2002, until the Christmas Bumper Draw in December 2002;
- devise and gain agreement for a replacement game to be introduced in January 2003;
- ensure that any future modernisation of the Island's gambling legislation should take account of the needs of charitable and other good causes; and
- continue the information-gathering process on the potential for the extension of the National Lottery to the Islands.

The Treble Chance Game was continued during the period, but it was clear that the success of any lottery depends upon capturing the imagination of the public and that this, in turn, depends upon a progressive change in format. To that end, having previously secured the States' agreement in principle to the concept of a Full Scratch Card game, the Committee was able to plan for a lottery with a more varied format, including –

- (i) a combination of instant prize and numbers draw;

- (ii) instant prizes only;
- (iii) a numbers draw only.

This culminated in agreement in December 2002 for a new game structure to be introduced in January 2003, involving two Draws, one being an instant prize scratch card game, together with a more traditional Jackpot Draw and, by popular demand, the reintroduction of the 'digit-prizes'.

### The National Lottery

As a result of encouraging initial discussions with officials in the United Kingdom, the Committees of both Islands now have a clear understanding of how the National Lottery might be extended to the Islands and also the wider associated issues that come into play. It now remains for the relevant Committees to decide when and how to proceed with negotiations for the extension of the National Lottery.

### Main Agents

The Committee maintained four appointed Main Agents to act on its behalf in distributing tickets to the many hundreds of sub-agents in the Island, as well as selling tickets directly to the public.

The Main Agents were –

Mr. J. Toudic  
B.B. O'Connor Ltd.  
Mr. and Mrs. M. Vowden

All Main Agents purchased tickets at a discount of 12 per cent for all Treble Chance Draws during the year and 13 per cent for the Christmas Draw in respect of the guaranteed sales. All purchases in excess of the initial guaranteed amounts were at 15 per cent for normal Draws and 11 per cent for the Christmas Draw.

All agents, including sub-agents, were offered an additional commission equal to one per cent of any winning ticket sold by them of a value of £750 or more. The agent however, had to register with the Lottery Controller and purchase a special stamp number to stamp the reverse side of all his tickets, in order to receive the ex-gratia payment.

At the end of November, B.B. O'Connor Ltd. announced its intention to resign as a Main Agent of the Committee. The Committee records its appreciation both to that company and the remaining Main Agents for their hard work and enthusiasm during the year.

### The Lottery Game

The Treble Chance Lottery game was the same format as in the previous year, with a main draw ticket and additional scratch panel.

In addition to the Bonus scratch prizes, the Treble Chance Game included the following range of prizes –

#### **(A) Drawn prizes**

Top Prize	£20,000 <b>MINIMUM*</b>
4 Prizes of	£250
50 Prizes of	£100

\*For every 1,000 tickets sold in excess of 80,000 tickets, £500 will be added to the value of the Top Prize.

#### **(B) Instant prizes**

Inserted into the issue of tickets printed there will be –  
one Prize of £5,000  
40 Prizes of £25

Inserted into every 2,000 tickets printed there will be –  
10 Prizes of £10  
10 Prizes of £5  
40 Prizes of £2  
170 Prizes of £1

–  
Total 230 Instant Prizes worth £400

Although the introduction of the Bonus panel had stabilised sales, it was clear that new games and styles of games needed to be introduced. Changes in game, however, take time to plan and introduce and, for that reason, it was agreed after consultation with the Main Agents in both Islands to continue with the Treble Chance game for the remainder of the year. To keep public interest, different game plays were planned for the year by the CI Lottery Committee based upon 'Match 3 'Noughts and Crosses' and 'Crown & Anchor'.

Sales for these draws continued to fall, and the Committee was eager that the final draw of the year, the Charity Christmas Lottery, should be one of the most successful ever promoted.

### **The Christmas Charity Draw**

The planning and promotion of the Christmas Charity Draw remains the most important of the year. In a time of declining sales, the Christmas Draw continues to draw significant public interest and support. It was vital to prevent any further erosion of ticket sales, which might impact adversely upon the good work of the Association of Jersey Charities. In order to achieve this, the Committee was strongly of the opinion that the first prize had to be seen to be rising steadily.

It was clear, however, that at a time of declining sales, the success of the Christmas Draw should not be taken for granted and, for this reason, the Committee agreed that the Main Agents would be able to offer a lower than normal guarantee. In the event of slow sales, this would have reduced any potential liability. The main reason however, and what happened in the event, was to stimulate sales because the top prize increased far more quickly than in previous years. This accounts for the otherwise odd outcome of selling slightly fewer tickets in total than in 2001 while achieving a higher top prize.

The Committee is delighted to report that all tickets were sold from a Jersey issue of 435,500 tickets, an increase of 10,500 Jersey sales over the previous year.

Guernsey also experienced excellent ticket sales, selling over 327,000 tickets, amounting to a joint sales level of 762,700 tickets by Lottery Day. Although this represented a slight decrease of around 10,000 tickets on the previous year, it was still a tremendous result. The Jersey Committee would like to place on record its appreciation to the Guernsey Gambling Control Committee and its Secretary, Mr. C.W. Hunt, for their hard work in this co-operative effort. Working together, the C.I. Lottery Committee achieved a top prize of £271,500, beating the £267,000 achieved the previous year.

Finally, special mention must be made of the vital part played by the Islands' media for broadcasting and printing the Committee's daily Press Releases, which played an invaluable part in the successful promotion of the draw.

### **The Lottery Show**

Channel Television continued to broadcast the Lottery Draw in a programme sponsored by Stanley Racing. The programme was broadcast immediately after each and every Draw of the year and continued to attract a wide audience throughout the Channel Islands. The appreciation of the Committee goes to Stanley Racing for this important contribution to Island life and also to Michael Lucas, Managing Director of Channel Television and his staff for their help and enthusiasm during the year.

## **Marketing and promotion**

Marketing for the Lottery was undertaken by Committee Officers, ably assisted by the local representative of Scientific Games, Mr. Richard Eker. The result was an imaginative and colourful campaign transmitted through poster, press and television that provided a very positive Lottery message at a price that fell inside of the budgeted figure.

## **The year's ticket sales**

The very successful Christmas Charity Draw was responsible for 35.6% of the total sales for the year and it kept the Lottery viable. The remainder of the draws promoted on a three week cycle saw a slow decline from Draw 1 when 110,000 tickets were sold across the Islands (52,500 in Jersey), through the summer season and into the autumn when sales declined to an average of approximately 46,000 tickets per Draw. Sales in Guernsey, however, declined at nearly twice the Jersey rate.

Ticket sales for the period recorded a fall of 5.2% in Jersey and 12.2% in Guernsey. Joint sales fell by 8.5% year on year.

## **The Lottery website at [www.gov.je](http://www.gov.je)**

With the assistance of the Computer Services Department, the Lottery results for current and past draws were made available as part of the States of Jersey Website.

## **The Association of Jersey Charities**

Founded in 1971 after discussions between Lord Mountbatten of Burma and Sir William Butlin at the Jersey Variety Club, the Association of Jersey Charities now represents approximately 200 Jersey charities. The Committee is pleased to support their efforts for local charitable causes and recognises the importance of Channel Island Lottery profits as the mainstay of the Association's funding. This was fundamental in the decision of the Committee to ask the States to support the grant of Lottery profits to the Association for the year.

Grants by the Association are only available to its members from the second year of membership and are considered at each of its Quarterly Meetings. Applicants must first make formal written application describing the use to which the grant would be applied and then, at the meeting, have to give a short presentation and answer questions from the membership. No grant is made in excess of £20,000.00 to any member during the same financial year in order that the greatest possible number of charitable causes may benefit from the funding.

Not all applications are successful, however, as they undergo the strictest scrutiny. The relationship whereby the Committee is able to delegate awards to the Association, who are then able to assist its membership, works well. The grants approved in 2002 by the Association of Jersey Charities are listed below and well illustrate the very real benefits accrued by Lottery profits for the benefit of local good causes.

## List of grants approved in 2002

	£
Family Nursing and Home Care – children’s literacy packs	5,800
Centrepoint – provision of mini bus and contribution to cost of work on fire escape	20,000
Quality of Life Animal Sanctuary – stabling for horses and ponies	20,000
Jersey Citizens Advice Bureau – new telephone system	5,000
Jersey Addiction Group – furnishing of rehabilitation centre	10,000
Arts in Healthcare Trust – provision of entertainment services in residential nursing homes	12,000
Little Sisters of the Poor – beds and mattresses	16,788
Aviemoire – purchase of vehicle	3,000
Jersey SANDS – training costs	1,100
Aviemoire – softplay and sensory room	3,000
Relate – updating telephone system	1,300
Spring Trust – Purchase of mini buses	15,000
Jersey Society for the Disabled – purchase of vehicles	20,000
Jersey Cheshire Home – purchase of medical equipment	20,000
Jersey Citizens Advice Bureau – employment of part-time Portuguese-speaking advice worker	15,000
<b>TOTAL:</b>	<b>167,988</b>

### The administration charge

The charge, equal to 1.5 percent of the tickets sold by the Guernsey Committee and paid to the Committee, is a contribution made in respect of work undertaken for the administration and management of the Lottery, and in the undertaking of lottery draws.

The payment fell to £14,201 during the period, [£16,176 in 2001] reflecting lower sales, and went some way to offset the re-charges made by the States Treasury in connection with the payment and reconciliation of winning tickets, and the financial management of the Lottery Fund.

### States Treasury recharges

Included in the total Draw Expenses for the period is the sum of £34,300 [£62,266 in 2001] which refers to charges made to the Committee for the many services provided by the Treasury, including the administration of the Lottery (Jersey) Fund, preparing accounts on behalf of both Islands, reconciling winning tickets, paying commissions, auditing accounts and being present at all Lottery Draws.

### The Gambling Control Department

In line with States policies, and endeavouring to offer best value, the Department maintained costs of permits and registration of clubs and societies at the previous year’s level. The Department gave up its lease on its West’s Centre premises in anticipation of its merger into the Economic Development Department and was given short-term accommodation courtesy of the Employment and Social Security Committee, for which it extends its gratitude.

The Committee wishes to note the contribution of its Officers: Mr. Bevan Anthony, Executive Director, Dr. Jason Lane, Lottery Controller; and particularly its Lottery Assistant, Jenny Turner, who has completed 26 years of service to the Committee.

APPENDIX

**Income and expenditure account for the year ended 31st December 2002 (unaudited)**

	2002		2001	
	£	£	£	£
<i><b>COME</b></i>				
sale of tickets in Jersey	1,146,100		1,209,300	
other lottery income	<u>216</u>		<u>2,266</u>	
		1,146,316		1,211,566
<i><b>EXPENDITURE</b></i>				
prize money	653,339		674,932	
agents' discounts on ticket sales	142,030		150,163	
agents' commission on winning tickets	4,312		3,601	
draw expenses	62,266		141,964	
general expenses	130,435		66,606	
miscellaneous expenses	10,000			
Print Draw expenses	<u>0</u>		<u>0</u>	
		<u>(1,002,382)</u>		<u>(1,037,266)</u>
		143,934		174,300
Administrative expenses charged to Jersey		14,201		16,176
		<u>158,134</u>		<u>190,476</u>
<i><b>Net income from lottery</b></i>				
				190,476
<i><b>Other income</b></i>				
Bank interest	<u>18,006</u>		<u>26,761</u>	
		18,006		26,761
<i><b>NET SURPLUS FOR THE YEAR</b></i>		<u>176,140</u>		<u>217,237</u>
<i><b>appropriated as follows:</b></i>				
Association of Jersey Charities		100,735		217,237
Community draws		-		-
Transfer to Accumulated Fund		75,405		-
Balance of surplus for year		<u>-</u>		<u>-</u>
		176,140		217,237
	2002		2001	
	£	£	£	£
<i><b>Balance held on behalf of the Sport, Leisure and Recreation Committee</b></i>				
Balance at start of year	127,862		186,870	
Balance of surplus for the year	<u>0</u>		<u>0</u>	
	127,862		186,870	
Expenditure during the year on projects provided by the Sport, Leisure and Recreation Committee	<u>(70,268)</u>		<u>(59,008)</u>	
		57,594		127,862
<i><b>Balance held on behalf of the Association of Jersey Charities</b></i>				
Balance at start of year	67,237		0	
Balance of surplus for the year	<u>100,734</u>		<u>217,237</u>	
	167,971		217,237	
Expenditure during the year on projects provided by the Association of Jersey Charities	<u>(67,237)</u>		<u>(150,000)</u>	
		100,734		67,237
Balance at end of year		<u>158,328</u>		<u>195,099</u>



**Channel Islands Lottery (Jersey) Fund**  
**Balance sheet as at 31st December 2002 (unaudited)**

	2002		2001	
	£	£	£	£
<b><i>FUNDS EMPLOYED</i></b>				
Accumulated Fund		209,325		133,920
Balance held on behalf of the Sport, Leisure and Recreation Committee		57,594		127,862
Balance held on behalf of the Association of Jersey Charities		100,735		67,237
		<u>367,654</u>		<u>329,019</u>
<b><i>REPRESENTED BY</i></b>				
<i>Current assets</i>				
Debtors and prepayments	287,402		279,309	
Cash	451,191		439,765	
		<u>738,593</u>		719,074
<i>Current liabilities</i>				
Uncollected prizes	287,372		262,720	
Creditors	83,567		127,335	
		<u>(370,939)</u>		<u>(390,055)</u>
		<u>367,654</u>		<u>329,019</u>

Notes:

1. In accordance with the States decision to accept Proposition P.174/2002 of 1st October 2002, the lottery profits from the Channel Islands Lottery during 2002 should be paid to the Association of Jersey Charities for the benefit of the community and the charitable needs of the Island.
2. Included in the surplus of **£176,140** (2001 – £217,237) is a sum of **£75,406** relating to time-expired prizes which has been credited back to the fund to support future draws in accordance with agreed Channel Island Lottery policy. In light of the very real difficulties that this would present for the Association of Jersey Charities however, the Economic Development Committee has been requested to agree that this portion of the 2002 surplus also be awarded to the Association.
3. The figures for Draw expenses and General expenses have altered because of the transfer for accounting purposes from 2001/2002 of one major type of expenditure (posting, printing, stationery) between the 2 expenditure accounts.
4. **£10,000** that the former Gambling Control Committee awarded to the Battle of Flowers as part of their centenary celebrations has been allocated under miscellaneous expenses.